



# How America's Top Retailers Set the Tone with Welcome Emails



# Introduction

Sending welcome emails to new subscribers is a universally accepted best practice in email marketing. Ideally, welcome emails get the relationship started on the right foot and get new subscribers interacting with the brand online as quickly and profitably as possible.

Employed properly, welcome emails help set subscriber expectations. They serve to remind new subscribers they've supplied their email addresses. Likewise, they give people who didn't subscribe or who have had second thoughts the chance to opt out of future messages.

Welcome messages help lay the foundation for building a clean, responsive email list.

Not surprisingly, read rates for welcome emails are significantly higher than for marketing email overall. However, welcome emails are also reported as spam at significantly higher rates than commercial messaging overall.

Welcome messages are also predictive. How subscribers react—or don't—to them says a lot about the how the relationship will play out going forward.

For example, the read rates of people who open welcome emails naturally drop and level off as time passes, but at a level that is significantly higher than the read rate of those who don't open welcome emails.

Not surprisingly, people who don't read welcome messages tend to read fewer subsequent messages. But as this study will show, new subscribers who don't read welcome messages still have value.



75/100

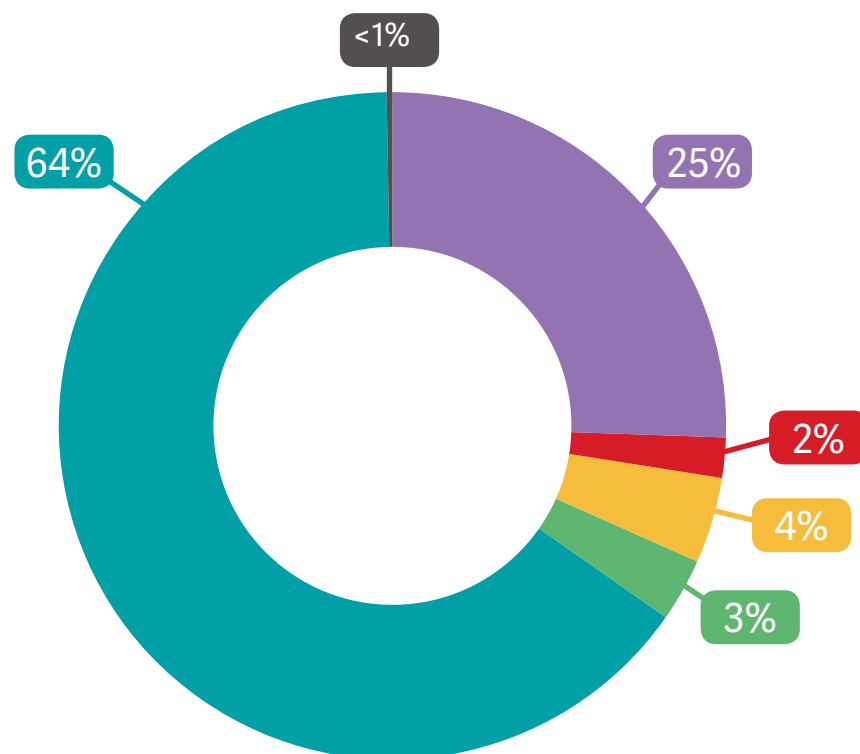
## Brands that send welcome messages

From Internet Retailer's top 100 list, we identified 75 that send welcome messages. The number of welcome messages each brand sent was presumably indicative of the new subscribers they acquired during the study period. This is unchanged from 2008 when Return Path looked at 57 brands to see who sent welcome messages.

## Types of Welcome Messages

The vast majority of welcome messages in the study were just that—welcome, confirmation or “thank you” messages with no readily discernable offer. However, a significant segment of the brands in the study sent emails with percent-off discount offers in their subject lines.

- Confirmation
- Offer
- Other
- Preferences
- Thank you
- Welcome



# Welcome Messages Versus Marketing Email Overall

Inbox placement rates for welcome emails versus marketing email overall are virtually identical across AOL, Yahoo! and Gmail.

However, the similarities end there. Read rates for welcome messages are significantly higher than read rates of commercial email overall at Yahoo! and Gmail. Read rates for welcome emails are slightly higher than read rates of commercial email overall at AOL.

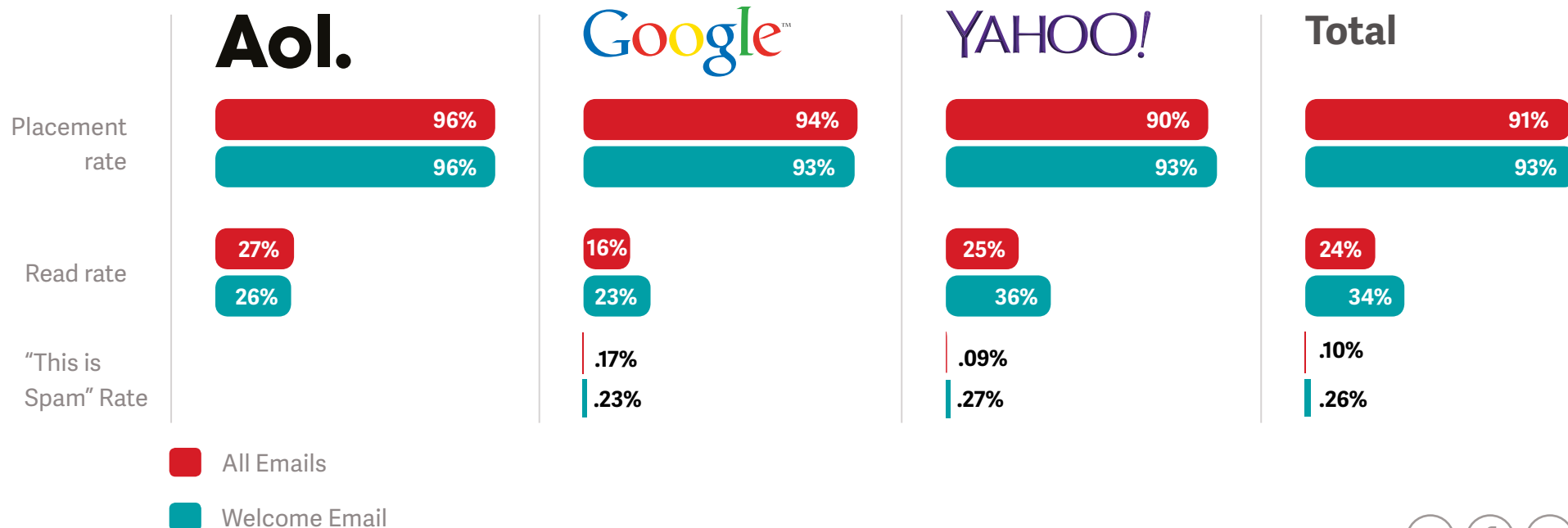
The percentage of welcome emails at Gmail, Yahoo! and AOL reported as spam was more than twice that of commercial email overall.

However, the percentages of both commercial email overall and welcome messages reported as spam on a real-numbers basis were low enough that the brands' email reputations with inbox providers were apparently not adversely affected.

While the percentage of commercial email overall reported as spam from these retailers was 0.10%, the percentage of welcome messages reported as spam was 0.26%. As a result, the inbox placement rate of subsequent campaigns did not suffer.

“Rather than be alarmed by welcome messages being reported as spam, marketers should see it as a chance to clean their lists. We should also keep in mind that these retailers are the best of the best and their metrics show it.”

*Tom Sather, senior director of research for Return Path.*



# Post Welcome-Message Engagement

Not surprisingly, people who read welcome emails are significantly more likely to read subsequent messages from the sender.

Once the initial welcome message has been read, read rates of subsequent messages drop dramatically. However, read rates still level off at significantly higher rates for those who did not read a brand's welcome messages.

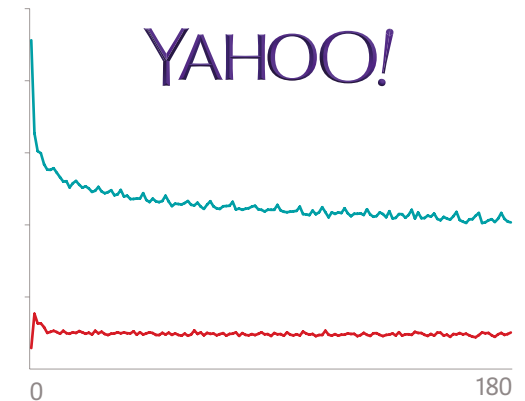
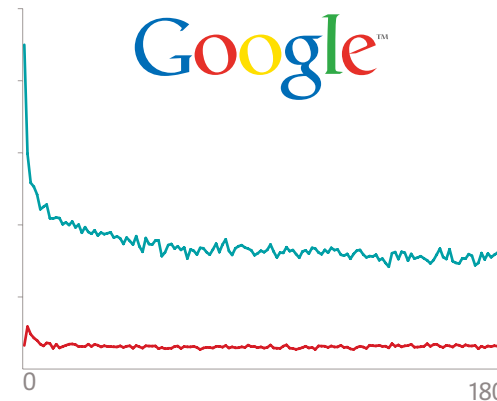
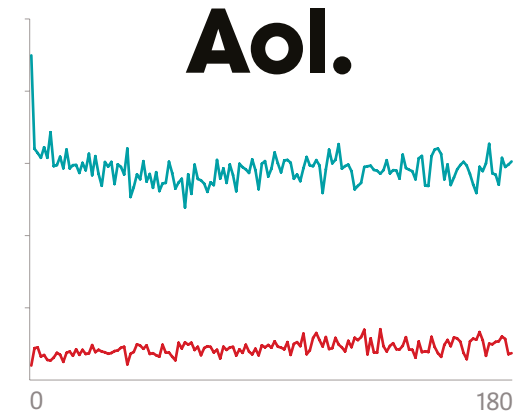
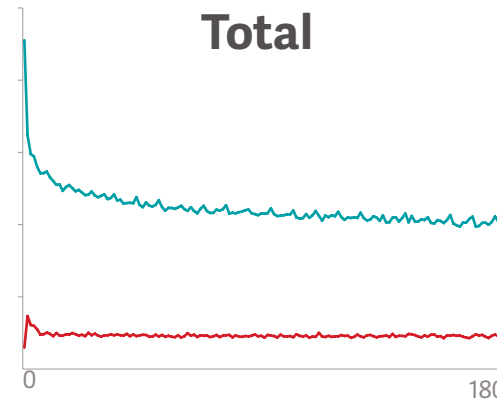
In fact, those who read welcome emails tended to hover around a 50-percent read rate in the 180-day period covered this study.

Those who don't read the welcome message started with low read rates and stayed there.

The "this-is-spam" rate for welcome messages that get read also started off significantly higher than for welcome messages that went unread. However, even though it dips significantly after the initial interaction, the "this-is-spam" rate also remained higher with recipients who read the initial welcome message than with those who did not for 180 days.

Inbox placement rates in the study started out high for welcome messages that were read and those that went unread. Over the course of 180 days, inbox placement rates for both dipped, but only slightly.

## Read Rates After Welcome Message



■ Read ■ Unread



## Long-Term Read Rates: Discount Offers VS. Those Without

Of the 75 brands that sent welcome messages, 29 offered discounts in their subject lines.

When subscribers read the initial welcome message, there was no significant difference in the subsequent read rates for senders whose welcome messages offered discounts versus those that didn't. Moreover, the long-term read rates for senders whose welcome messages offered discounts versus those that did not even dipped at essentially the same rates for 90 days.

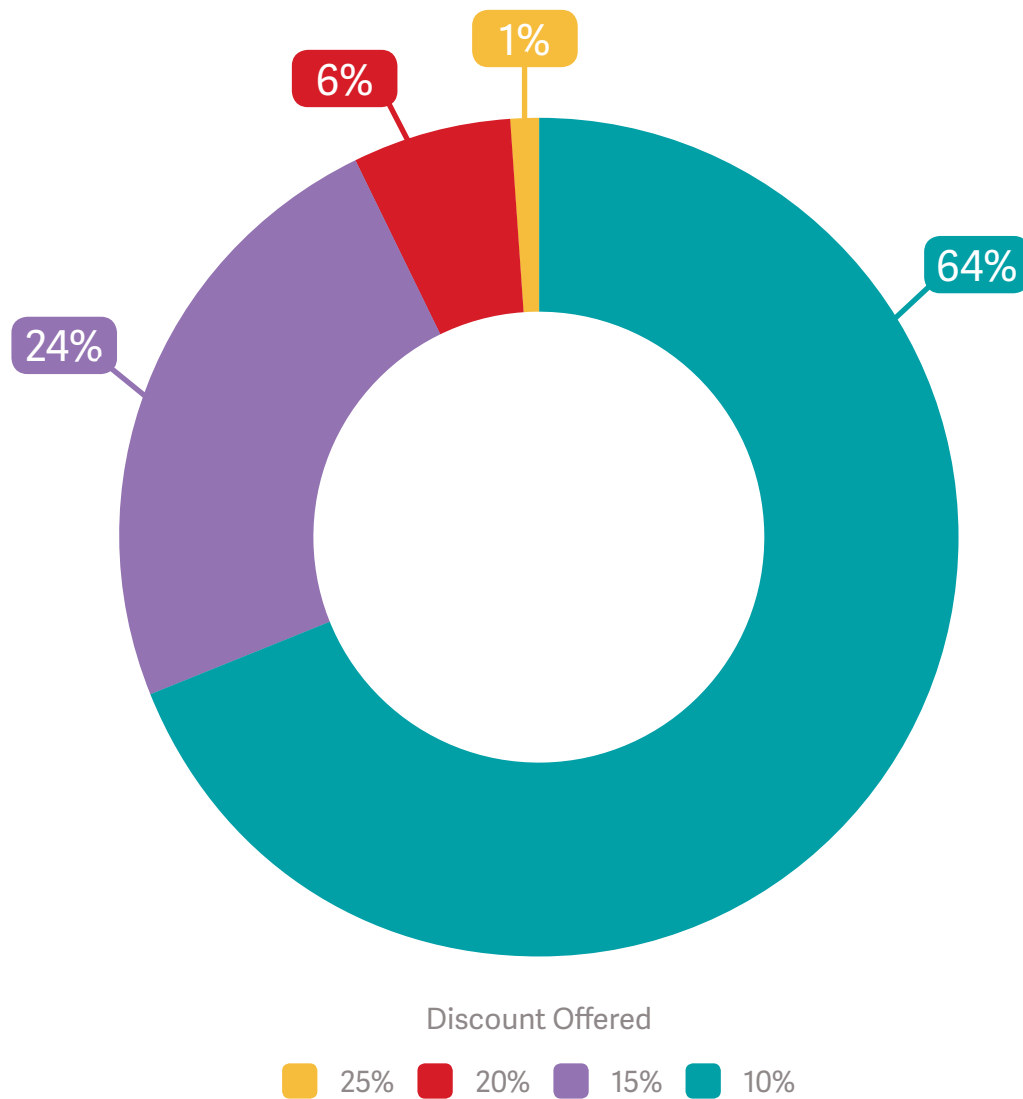
However, when new subscribers did not read the initial welcome message, they were far more likely to read subsequent messages when the initial welcome message did not offer a discount.

Obviously, a causal connection may not exist in this behavior. But we can conclude that discounts in welcome emails do not increase either immediate or long-term engagement with a marketer's brand.



## Types of Discounts

Not surprisingly, the sizes of discounts offered in welcome emails were all over the map. The most common discount offer mentioned a coupon or discount in the subject line, but did not specify the discount in the subject line.



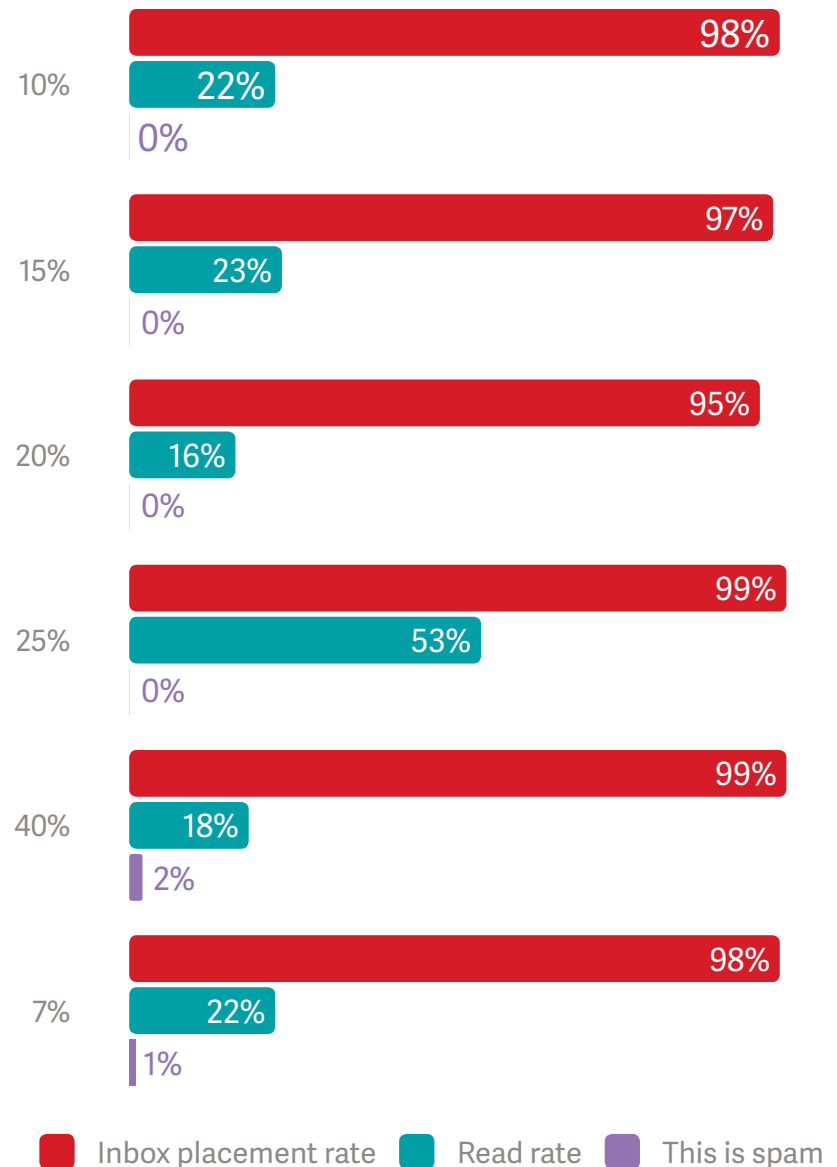
## Inbox Placement and Read Rates by Discount Type

The mention of unspecified discounts and naming specific discounts in welcome email subject lines generally had no discernable effects on inbox-placement rates or subscriber engagement with them.

Inbox placement rates for welcome emails offering all types of discounts in the study were from 97% to 99%. From this we can conclude that offering discounts in a subject line is not considered spammy behavior by ISPs and does not trigger spam filters.

With one exception, read rates of welcome emails—no matter the discount—all hovered around 20%. Welcome messages with a 15% discount offer in their subject lines achieved a 23% average read rate. Welcome messages with a 20% discount offer in their subject lines achieved a 16% average read rate.

On the high end, Gap achieved a 53% read rate with a welcome email offering a 25% discount. However, it is unlikely the size of the discount accounts for Gap's welcome emails' outstanding read rate.





## Message Volume/Spending by Subscriber Engagement Type: Highly Engaged Subscribers Spend More at More Stores

During the 180-day study period, the 100 retailers we studied sent most of their messaging [53%] to moderately engaged subscribers, or those with an average read rate of 27%. They sent 40 percent of their messages to highly engaged subscribers—those with an average read rate of 72%—and 8% to subscribers with low engagement—those with an average read rate of 1%.

Based on their e-receipts, highly engaged subscribers spent significantly more in online and offline purchases per person than the other two groups.

Highly engaged subscribers spent an average of \$2,723 during the study period compared to \$1,731 for moderately engaged subscribers and \$1,114 for subscribers with low engagement.

Highly engaged subscribers gave their business to more merchants during the study period, shopping at an average 7.8 brands. This is compared to an average 5.6 brands for moderately engaged subscribers and an average of 3.7 brands for subscribers with low engagement.

Highly engaged subscribers also placed a significantly higher number of orders than the other two groups during the study period: 61 compared to 45 for moderate and 33 for low.

Average order sizes for all three groups were fairly close: \$60 for highly engaged subscribers, \$55 for moderately engaged subscribers and \$63 for subscribers with low engagement.

Based on their spending, it might be a good idea to let highly engaged subscribers know they are highly valued customers and treat them accordingly. Marketers might also try and get moderately engaged subscribers acting more like highly engaged subscribers and spending accordingly.



## Welcome Series: The More they Read the More they Engage and Spend

Of the 75 retailers that sent welcome messages, just three employed a series of welcome emails: Crate & Barrel, Cabela's and HSN. It would be imprudent to attempt to draw definitive conclusions from such a small sample size. But some interesting patterns did emerge.

Subscribers who did not read any of the three welcome emails were highly unlikely to read any messages from the senders thereafter.

However, subscribers who read all three messages in the series were extremely likely to engage with the brands in subsequent messaging.

Of new subscribers who did not read any of the three welcome emails, just 5.5% read subsequent messages.

Of those who read one message, 18% read subsequent messages. Of those who read two messages in the welcome series, 37% read subsequent messages and of those who read all three welcome messages, 69% read subsequent messages.

Moreover the group that read all three welcome messages sent by the three brands in the study shopped on average at more stores [8] than those that didn't read any of the welcome messages [6].

Those who read all of the messages also spent 62% more across the three merchants than those who read none of the messages.

However, it is important to note that the subscribers who read none of the welcome messages had value, just not as much as those who read all three.

Based on e-receipts, subscribers who read none of the three merchants' welcome messages spent an average of \$1,628 with all the merchants in the study in 180 days. By comparison, those who read three welcome messages spent \$2,640.





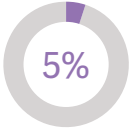















As for spending with the three brands that sent welcome-series emails, based on e-receipts, those who read all three spent an average \$391 while those who read none spent an average of \$247.

Those who read none of the welcome messages place an average of 2.3 orders at an average size of \$104 compared to 3.7 at an average size of \$121 for those who read three.

**“It's important to understand that even if new subscribers don't read welcome messages, it doesn't mean they have no value.”**

*Tom Sather, senior director of research for Return Path.*



Messages Read in the Welcome Series				
Messages Read After the Welcome Series				
Merchants Shopped At				
Orders Placed				
Average Order Value	<b>\$56.02</b>	<b>\$61.27</b>	<b>\$61.03</b>	<b>\$60.3</b>
Average Total Spend	<b>\$1,627.50</b>	<b>\$2,150.85</b>	<b>\$2,336.76</b>	<b>\$2,640.27</b>
Orders at 3 Brands Sending Welcome Series				
Average Order Value at 3 Brands Sending Welcome Series	<b>\$103.98</b>	<b>\$149.18</b>	<b>\$108.42</b>	<b>\$120.68</b>
Total Spend at 3 Brands Sending Welcome Series	<b>\$247.16</b>	<b>\$365.68</b>	<b>\$242.25</b>	<b>\$391.09</b>

## Conclusions

Subscribers who are highly engaged with welcome messages tend to be higher-value subscribers than other groups. They read more and spend more.

However, just because a new subscriber is not engaging with your emails does not mean they have no value. Unopened emails can and do drive both online and bricks-and-mortar sales.

Treat highly engaged subscribers as the valued customers they are. Give them VIP treatment.

Try optimizing subject lines to get lesser-engaged subscribers more engaged and increase revenue as a result.

Also, try optimizing subject lines to increase the read rates of welcome emails as the read rates of welcome emails are highly predictive of how engaged subscribers will be with subsequent messaging and how much they'll spend.

If you offer discounts in your welcome messages, consider de-emphasizing them or eliminating them altogether. Discounts have no discernable positive effects on subscriber engagement and may even train new subscribers to wait for percent-off sales in their email to buy. Try offering other incentives such as free shipping on orders over a certain value. Try offering nothing beyond "welcome" and "here is what you can expect."

The point is: Whatever you do, don't set your welcome emails on autopilot and walk away. Test. Welcome emails are arguably the most important messages your subscribers will get from you in the lifetime of your relationship.

Look at competitive data to determine your share of wallet with your subscribers. Who are they buying from? Where are they buying? What subject lines are your competitors using that achieve the highest read rates?

Consider making aggressive offers to subscribers who spend more with competitors than they do with you. Don't be afraid to imitate competitors' successful tactics.

Gather intelligence on your subscribers beyond your immediate competitors. What types of subject lines overall tend to resonate with your subscribers? What do the contents of your subscribers' inboxes say about their general interests and commercial preferences? Can you use that information to communicate with them more effectively? Should you be partnering with a non-competitor who has a significant presence in your subscribers' inboxes?

Above all, understand that anyone who supplies an email address is a valuable prospect and that focusing on increasing subscriber engagement with the first message can have long-term positive revenue potential.

## Methods

This study was based on subscriber data using an active panel of 2.7 million users from October 1, 2013 to October 31, 2014 for domains belonging to brands included in Internet Retailer's Top 100 List. Welcome messages were identified using pattern matching on subject lines and then manually reviewed for accuracy. The engagement of subscribers with respective brands was tracked for a window of 180 days following receipt of a welcome message with results aggregated to the email provider and brand level.



## About Return Path

We analyze the world's largest collection of email data to show marketers how to stay connected to their audiences, strengthen their customer engagement, and protect their brands from fraud. Our solutions help mailbox providers around the world deliver great user experiences and build trust in email by ensuring that wanted messages reach the inbox while spam and abuse don't.

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